

What is the Value of My Home?



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Some of you may be asking yourself, “Does my insurance coverage fit my needs?” “Do I have enough coverage to replace my home in the event of a serious loss?” “What affects my premium?”

These questions create a need for you to regularly review your Homeowners Insurance and to consider other questions such as: “Have you recently remodeled or improved your home?” “Has the rate of inflation risen since your last appraisal?” “What influences the building construction costs in your area?”

As you consider these issues, it is important to understand that real estate values measure the market value or selling price for a home. For insurance purposes, it is important to estimate the current replacement cost which is the amount needed to hire a contractor to repair the damage or to rebuild the home to its pre-loss condition. Dwelling replacement costs used by insurance companies do not include the value of the land. Market conditions in your area may impact the amount it will cost to rebuild your home if you experience a loss.

Building contractors or professional replacement cost appraisers are a good source for obtaining an estimated replacement cost for your home. Estimates from these sources should reflect your home’s specific features and details. If you are unable to obtain a detailed estimate from these sources, I can help provide an estimate.

Once you know the estimated cost to replace your home, you can decide how

much insurance coverage fits your needs. You should also consider other policy endorsements such as back up of sewer and drain coverage, or additional coverage for personal articles with high values such as jewelry, fine arts, and collectibles.

You may want to consider higher personal liability coverage or the need for Flood Insurance which is provided by a separate policy.

In addition to the amount of coverage you decide to purchase, your premium is impacted by optional endorsements you select, your claim history, the amount of your deductible, company longevity and multiple policy discounts such as home/auto.

Finally, remember to periodically review your insurance coverages with your agent. That will ensure you have the coverage you need.